

PROTECTION

...for yourself

Suspect any advertisement, person, or company that approaches you and demands an up-front fee before providing foreclosure prevention services. Such fees are prohibited by law in most cases.

Consult with a certified housing counselor before signing any agreement for foreclosure rescue services

Know what you are signing and understand every document you sign. Seek advice from a lawyer or an approved counselor before signing any agreement involving title to your home or refinancing your mortgage.

Foreclosure consultants must give you a written contract that gives you the right to cancel within five business days and is written in the same language that you used in discussions with the consultant. Get promises in writing because oral promises and agreements relating to your home can be very difficult to enforce. Be wary of anyone that will not provide a written contract.

Make your mortgage payments directly to your lender or the mortgage servicer. Do not trust anyone else to make mortgage payments for you or to act as an intermediary for you.

ASSISTANCE

...from legitimate sources

- To find counselors approved by the U.S. Department of Housing and Urban Development (HUD) in your local area, call 1-800-569-4287 or visit www.hud.gov
- For free foreclosure prevention assistance from HOPE NOW, an alliance of housing counselors, mortgage companies, investors, and other mortgage market participants, call 1-888-995-HOPE or visit www.hopenow.com
- To obtain foreclosure assistance or contact your mortgage lender, call the Federal Housing Administration at 1-800-CALL-FHA or visit www.fha.gov
- If you are a victim of foreclosure fraud, call the New York State Attorney General's Office Consumer Helpline at 1-800-771-7755 or visit www.nyprotectyourhome.com



New York State
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avoid foreclosure rescue scams



As home values across the country and New York State decline, and adjustable mortgage rates reset upwards, homeowners facing foreclosure have one more thing to worry about: getting "help" from scam artists. Foreclosure rescue scams can waste your money, ruin your credit record, and wipe out any equity you have in your home. Here are some useful tips to help you protect yourself from foreclosure rescue scams and inform you about the steps you can take to avoid foreclosure.

FORECLOSURE

...how to avoid

Contact your lender: If you are unable to make your mortgage payment, call your lender immediately to discuss the available alternatives to foreclosure. Many lenders offer foreclosure avoidance programs and have pledged publicly to assist distressed borrowers. These can lead to win-win solutions for you and the lender.

Respond to your lender: Some lenders contact distressed borrowers to discuss available foreclosure avoidance options. Respond to these efforts! Your failure to do so may indicate a lack of interest in or commitment

to paying your mortgage, and could result in the lender initiating foreclosure proceedings.

Check your eligibility for the federal government's modification program: You may qualify for assistance under the federal Home Affordable Modification Program (HAMP). If you cannot afford to make your monthly mortgage payments, you may qualify for a loan modification to make your monthly payment more affordable. To find out more about the program, visit www.MakingHomeAffordable.gov.

ALTERNATIVES

...explore your options

Some mortgage lenders will consider alternatives to expensive and costly foreclosures, especially if they are unlikely to make a profit foreclosing on your home. Such alternatives include:

Repayment Plans: Lenders may agree to help you repay the amount you owe on your loan, plus late fees, by increasing your regular monthly payment and setting a final repayment date. This may be a good option if you are only a few payments behind and can make increased payments now.

Forbearance Agreements: Lenders may temporarily suspend or reduce your payments; in return, you agree to make a lump sum payment or several partial payments at a later date. This option can help those facing a temporary financial setback like a job loss.

Loan Modifications or "Work-Out" Agreements: Lenders may agree to modify your existing mortgage to make it more affordable. A lender might reduce your interest rate or principal in order to lower the monthly payment, change a variable interest rate to a fixed rate, or extend the loan's term. Certain eligibility requirements or fees may apply to such modifications.

Deed-in-Lieu or Short Sale: A lender can accept title to your home in exchange for canceling the remainder of your debt, or allow you to sell your home and forgive any shortfall between the sale price and the mortgage balance. Such arrangements can help you pay off a mortgage without foreclosure and keep your credit rating relatively intact. However, you do not keep your home under such an arrangement.

RESCUE SCAMS

...be aware

Be suspicious of anyone that solicits you for a mortgage modification, especially if they ask you to pay an upfront fee. Many for-profit companies that promise they can get you a modification will simply take your money and provide little help. Even legitimate for-profit companies will charge you for a service that you can get for free from a not-for-profit counselor, or that you can do for yourself.

Loan Modification Scams: Scam artists scour foreclosure notices and filings to find potential victims desperate to save their homes. They may solicit you in-person, by mail, e-mail or telephone, or via advertisements, including TV and radio commercials, and often promise that they can save your home from foreclosure. Be wary of anyone that makes outrageous claims, like a 90% or 100% success rate in achieving modifications, or claims to be affiliated with the government. Many scam artists use official-looking logos, names or website addresses to make you think they are part of an official government program, such as the federal HAMP program. **Remember, you can get free assistance from government approved, not-for-profit housing counselors** -- don't be taken in by scam artists using official-sounding names, logos, or website addresses.

Lease-back or Repurchase schemes: Be very suspicious if someone offers to pay your mortgage and rent your home back to you. This scheme often involves signing over the deed to your home with the option to buy it back later. The terms of such transactions are so complex or fraudulent that homeowners are rarely, if ever, able to repurchase their homes. Sometimes the property is sold to another party without the homeowner's knowledge.

FOR
SALE

